

Service Date: May 21, 1998

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF the Application of)	UTILITY DIVISION
U S WEST COMMUNICATIONS, INC., to)	
Increase Rates for Residential Local)	DOCKET NO. D96.8.131
Exchange Services to Reflect and Increase)	
in Depreciation Rates)	ORDER NO. 5937c

FINAL ORDER ON IMPLEMENTATION OF SECOND RATE INCREASE

On April 20, 1998, U S West Communications, Inc. (USW), filed before the Public Service Commission (PSC) a request for final approval to implement a scheduled second phase rate increase reflecting increased depreciation expenses, as initially approved by the PSC on February 3, 1997, though Order No. 5937b in the above-entitled matter. The referenced Order approved a first phase rate increase of \$0.76 per month on residential local exchange rates, effective March 2, 1997. It also approved second phase rate increases of \$0.39 per month on residential local exchange rates and \$1.15 per month on business local exchange rates, to be effective June 1, 1998, and conditioned on "satisfactory service standard performance" pursuant to a settlement agreement reached between the PSC and USW in a court action relating to USW's service quality.

The PSC finds that USW has met the required "satisfactory service standard performance" and concludes that the second phase rate increase should be approved. USW has also requested that the PSC consider coordinating the rate change with any rate change that may result from PSC Docket No. D96.12.220, a USW repricing matter, tentatively scheduled for

implementation on or about July 1, 1998. The PSC finds the request reasonable and will allow a coordination of the rate changes.

IT IS HEREBY ORDERED that USW's request for approval of the second phase implementation of the rate increases approved in Order No. 5937b is granted. The approved rate increases shall be effective June 1, 1998, but shall be implemented in conjunction with rate changes which may result from PSC action in Docket No. D96.12.220 or on July 1, 1998, whichever occurs first. For the period commencing on the effective date (June 1, 1998) and the date of implementation of rate changes which may result from PSC action in Docket No. D96.12.220, or on July 1, 1998, whichever occurs first, USW shall account for the rates uncollected and, upon implementation, shall amortize the accrued amounts uncollected, through rates, for a period of 12 months. With amortization of the accrued amounts the effective rate increases, through the period of amortization, will be \$0.42 per month on residential local exchange rates and \$1.25 per month on business local exchange rates

Done and dated this 18th day of May, 1998, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chair

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.